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COMMENT OF THE DAY

Grave & Alarming

THE turn of events since Israel forces began their deep penetration of Egyptian territory must be regarded as grave and alarming. The danger of the Middle East being involved in warfare is all too apparent.

The nature of the Anglo-French ultimatum to Egypt and Israel, and the expressed determination of Sir Anthony Eden and M. Mollet to enforce it, also gives rise to some concern, inasmuch that it involves action independent of the United Nations.

That freedom of passage to world shipping through the Suez Canal must be threatened if hostilities in Palestine continue is recognized, and Anglo-French apprehensions are readily appreciated. It remains a matter of doubt, however, whether the decision to intervene with British and French forces is a wise one.

It appears to be based on lack of confidence in the UNO machinery to function effectively in dealing with a crisis of this nature. There seems to be no other explanation for firstly, the Anglo-French ultimatum, and secondly to their vetoing of the American resolution in the Security Council which called on all countries to refrain from the use or threat of force in the current Palestinian situation.

It must be assumed that Sir Anthony Eden and M. Mollet have fully calculated the risks attached to the dispatch of armed forces to the Suez Canal and are satisfied that the action is the only one at this time likely to speedily arrest a full-scale war between Egypt and Israel.

If that result is attained the decision to intervene will have justified itself. Nevertheless it is a gamble and a rather dangerous one, for it might well stimulate the Arab world into a holy war which would mean hostilities throughout the Middle East. The split between the Big Three over this issue can only be viewed with despondency. No one, save the Communist bloc, can derive any pleasure from the happenings in yesterday's Security Council meeting. It is very necessary that the Big Three should not allow the clash of viewpoints over the affair in Palestine to deepen into a wounding breach of relations.

Flag Days

WE feel it is time, once again, to make observation on the manner in which some of the flag days in Hongkong are conducted, or perhaps it would be more accurate to say, mis-conducted.

Despite repeated protests by a long-suffering public, many organisations who receive Government's permission to hold flag days for their deserving causes, still make no effort to exert any control over the behaviour of their numerous youthful sellers.

All too often, in their exuberance, these young people descend in groups on individuals, obstructing any freedom of movement and literally harrying the unfortunate pedestrian, or the driver endeavouring to get out of his car, into buying an emblem. This needs to be stopped, as also does the practice, which is becoming prevalent, of sellers operating on the afternoon before the designated flag day. The remedy is in Government's hands. It should make it a condition for receiving a permit to conduct a flag day that the organisers ensure their sellers function only on the day set aside for the appeal, and that they do not force their emblems on the public in a manner that distresses as well as affronts. Failure to comply with those requirements should carry the penalty of non-renewal of permits to hold a flag day.

TROOPS GOING TO SUEZ ZONE

Britain and France last night vetoed a US resolution in the Security Council urging all nations to refrain from the use or threat of force in the Middle East crisis.

Both countries, according to two cable reports quoting "authoritative sources" in London, have decided to reoccupy the Suez Canal Zone.

ISRAEL AGREES TO QUIT—ON CONDITION

London, Oct. 30.

Britain received replies from Israel and Egypt to its ultimatum to stop fighting and decided the Egyptian reply was "not satisfactory".

It had therefore decided to "go ahead" with active intervention in the Suez Canal zone, Reuter and United Press report.

The British ultimatum told the two countries to stop fighting or be prepared for a combined Anglo-French invasion of the Canal.

Earlier Jerusalem Radio said Israel had accepted the ceasefire and withdrawal ultimatum, on the "assumption" that Egypt did so.

The Israeli Foreign Minister, Mrs Golda Meir, said Israel was willing to cease hostilities and withdraw her forces ten miles from the Suez Canal.

"In giving this undertaking, it is assumed by the government of Israel that positive response will have also been forthcoming from the Egyptian side."

Earlier today President Nasser of Egypt categorically rejected the ultimatum to put British and French troops in the Canal zone.

President Nasser also appealed to President Eisenhower and the Soviet Premier, Marshal Bulganin, to stop Britain and France.

The British-French ultimatum "could not possibly be accepted by Egypt," Colonel Nasser said.

He accused Britain and France of "preparing for aggression against the victim of the (Israeli) attack".

The ultimatum "trespasses Egypt's rights and dignity and is in flagrant disregard of the United Nations charter."

Colonel Nasser said Egypt would have no alternative but to defend itself in the event of "any attack".

A New York report said the Egyptian Foreign Minister, Dr Mahmoud Fawzi, sent a letter to the President of the Security Council asking that the "threat of force by the French and British Governments" to occupy Egyptian territory be considered at an immediate meeting of the Security Council.

Britain, France Veto US Move

United Nations, Oct. 30.

Britain and France tonight vetoed, in the United Nations Security Council, a United States resolution urging all countries to refrain from the use or threat of force in the fighting between Israel and Egypt.

The resolution, primarily calling for an immediate ceasefire in the Palestine fighting and demanding that Israel immediately withdraw its forces from Egypt.

Britain and France opposed it because of their threat to send forces in to occupy the Suez Canal Zone, an ultimatum expiring at 0430 GMT.

SECOND VETO

Later, Britain and France tonight vetoed a Soviet resolution calling for an Israeli-Egyptian ceasefire and the withdrawal of Israeli troops from Egypt.

The vetoing of the American resolution was an unprecedented split between the United States and Britain and France on a major issue before the United Nations.

Never before had Britain vetoed any item and France has used the veto power only twice.

It brought a strange alignment with Russia staunchly supporting the American demand for a ceasefire and withdrawal of troops and a call to all countries to end military, economic or financial assistance to Israel until its complies.

THE VOTING

The vote was 7-2 with Britain and France standing together and Australia and Belgium abstaining.

Aligned with the United States were Russia, Yugoslavia, Nationalist China, Iran, Cuba and Peru.

The Soviet delegate, Mr Arkady Sobolev, after wryly observing that two permanent members of the Security Council had "constrained" it from taking action, then proposed that the Council approve the first part of the resolution calling for withdrawal of Israeli forces from Egypt.

Dr Tsiang Ting-fu of Nationalist China suggested that the Russian proposal—now put forward as a new resolution—include a call for an immediate ceasefire in Palestine.

The Council President, M. Bernard Cornut-Gentille of France, said, however, the "new resolution" constituted a new fact in the day's debate, and he suggested an adjournment before voting on it. He was supported by Britain.

SOBOLEV'S PLEA

Mr Sobolev said he could agree to the recess proposed by Britain and France if they would give assurance that their ultimatum on sending troops into the Suez Canal Zone would not come into effect until the Security Council had acted. He also accepted an Israeli suggestion to retain in the immediate resolution a para-

Jerusalem, Oct. 30.

An intense battle was reported in the middle of the Sinai Desert peninsula, where Israeli armoured forces dashed almost to the brink of the Suez Canal.

Egypt claimed the Israeli advance force west of El Nekhl was wiped out.

A later report from Cairo said Israeli paratroopers dropped into the area yesterday, had been cut off from the main task force and surrounded by Egyptian troops.

Israel was ominously silent after reporting the capture of El Kusseima this afternoon. This indicated Israeli forces were sweeping up on Egyptian positions on the Gaza strip from the rear from their South Sinai breakthrough point.

The military position was extremely fluid. Egypt claimed: "Our Air Force immediately went into action, and shot down two enemy

planes and destroyed 12 armoured cars. It inflicted heavy losses in the El Temet (El Themed) area. This brought the enemy to a complete standstill. Our Air Force bombed enemy concentrations opposite our positions in the Kusseima (El Qusseima) area. "Our land forces are presently advancing to mop up enemy forces in the Sinai Peninsula."

LABOUR CENSURE FAILS

London, Oct. 30.

Sir Anthony Eden tonight summoned an urgent meeting of his ministers and service chiefs as zero hour approached for British and French forces to move into the Suez Canal area failing acceptance of an ultimatum sent to Israel and Egypt.

The Prime Minister called the meeting immediately after the government defeated a Labour opposition attempt in the House of Commons to censure the Government for its proposed intervention.

A stormy debate ended in a Government victory by 270 votes against 216, a majority of 52.

The ultimatum, telling Egypt and Israel to stop fighting and withdraw ten miles each side of the Suez Canal, expires at 0430 G.M.T. tomorrow (1.30 p.m. H.K. time today).

Sir Anthony Eden and his ministers had before them tonight an urgent appeal from President Eisenhower asking Britain and France to let the Security Council handle the situation "by peaceful means instead of by forceful ones."

Mr Selwyn Lloyd, the Foreign Secretary, refused Labour demands in the House of Commons that the Government should postpone its decision to intervene until the United Nations had finished its debate on the Israeli-Egyptian clash. Reuter.

LATEST REPORTS OF FIGHTING

Israel claimed its forces were approaching the Suez Canal but the official Egyptian spokesman said the claim was "highly exaggerated." He said the Israeli Army advanced into an area of empty desert where there were no Egyptian forces.

The spokesman added that Egypt could not ceasefire as long as Israeli troops were on Egyptian territory.

An Egyptian communiqué broadcast by Cairo Radio tonight said Egyptian forces are now "in control" of the situation and that the Suez Canal "is not threatened at all."

Cairo, however, was plunged into total darkness during a 20 minutes air raid alarm tonight. The anti-aircraft batteries were silent during the alert.

Earlier today, the anti-aircraft guns in the Cairo district opened fire on an unidentified plane at a high altitude.

Following a similar incident over Port Said, this afternoon, a half black out was clamped down in Cairo and Alexandria.

Israel Radio claimed that three MIG planes of the Egyptian Air Force were shot down today in air battles over the Sinai Peninsula.—All Agencies.

Canada Stops Jetplanes

Ottawa, Oct. 30.

The Canadian Government has suspended the delivery of the 24 Sabre-F-86 jetfighter planes promised to Israel, an authoritative Canadian source declared today.

The measure is a temporary one, and the Government is at the moment waiting to see

what turn the Middle East developments will take, an official source said.

A Foreign Ministry spokesman stated that if the Israeli forces withdrew from Egyptian territory, Canada would re-examine the question of the delivery of the planes.—France-Press.

TROOPS START TO LEAVE CYPRUS

Nicosia, Oct. 30.

RAF transport planes have been ferrying British troops for the last 24 hours from the RAF base at Akrotiri, near Limassol to an unknown destination.

The troop movement was clearly linked with the statement by the Prime Minister, Sir Anthony Eden, in the House of Commons this afternoon that British and French forces were ready to intervene in the Israeli-Egyptian fighting.

But no official information was available in any quarter tonight. Both British and French forces in Cyprus have been standing by for several days past in view of mounting tension in the Middle East culminating in the Israeli drive towards the Suez Canal yesterday.

Three British destroyers with two French destroyers and one French light cruiser arrived off Limassol this evening and are standing by there, port sources said.

Nine French navy vessels which had been in Famagusta today moved out of the harbour and anchored offshore.

According to unofficial reports reaching Limassol from Akrotiri base, French military reinforcements have been arriving by air there throughout the day.

In Nicosia, this evening air raid sirens were tested several times.

In London, the Admiralty tonight imposed a complete black-out on the movements of British warships sailing in the Eastern Mediterranean.

Last night the Admiralty said British ships had set out from Malta on exercises in the Mediterranean, which had been planned two weeks ago.

But tonight an Admiralty spokesman refused all information on these exercises, including the exact area in which they were being held, and the number of ships involved.—Reuter.

Nagy Begins Talks With Rebels

BUDAPEST

LATEST

Vienna, Oct. 30.

Budapest Radio announced tonight that negotiations between Premier Imre Nagy and members of insurgent groups began this evening.

The President of the National Revolutionary Committee, Lajos Duche, presented proposals on behalf of the insurgents.

The talks opened in a favourable atmosphere, the radio said. Signs that Budapest was returning to normal after the week of bitter fighting, came today in the announcement that the curfew would be lifted tomorrow.

The Soviet Government is prepared to review the position of Soviet troops in Hungary, Poland and Rumania.

This announcement was made in a special statement by the Soviet government.

The statement said the Soviet Government had given orders to its Commander-in-Chief to withdraw Soviet troops from Budapest as soon as the Hungarian Government desired it.

It was also ready to start discussions with the Hungarian Government on the subject of the withdrawal of Soviet troops from Hungary.

position of Soviet troops in Hungary.

The last main stronghold of Hungarian nationalism in Budapest stopped fighting today and hundreds of bodies were brought out of Killian barracks where they had been battling Russian tanks and guns.

The Soviets stopped attacking buildings today and defenders came out into the streets with their arms.

Later, heavy gunfire was heard in a wood across the river where Soviet tanks were reported, and street fighting was reported to have broken out in another part of the city.

The situation was as confused as ever.—Reuter & France-Press.

STOP PRESS

Shepherd Gets 8 Years

Pte Raymond Frederick Shepherd, 28-year-old soldier of the Army Catering Corps, was found guilty of the manslaughter of his wife, Irene May, at the Criminal Sessions this morning.

Mr Justice T. J. Gould sentenced him to eight years' hard labour.

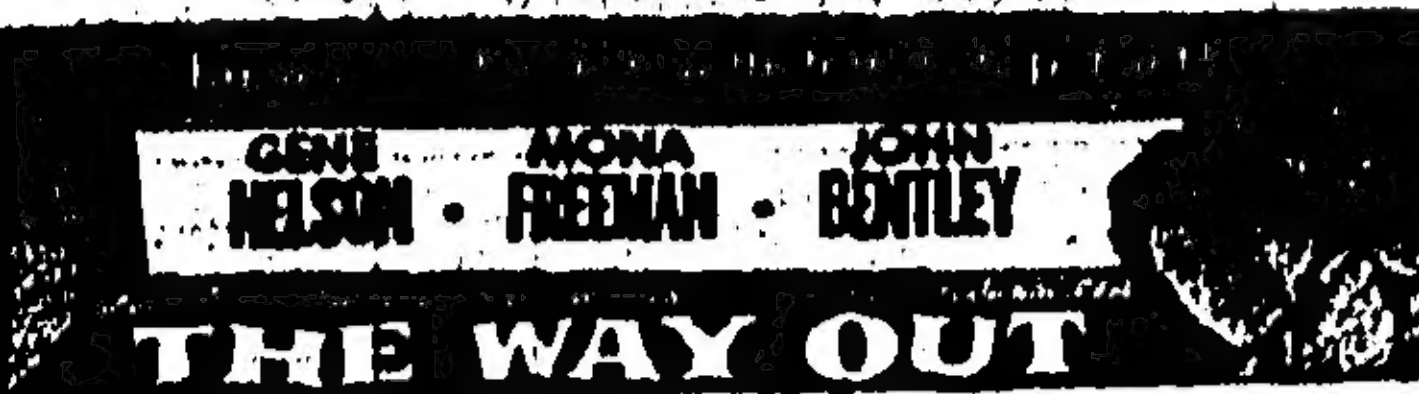
A Jury of six men and a woman returned their majority verdict of 5-2 after retiring for an hour and a half.

Defence Counsel, Mr D. A. L. Wright, asked the Judge to take into account the fact that the offence was not premeditated; the accused was a very stable person; the couple were living in cramped conditions without the amenities of a home; and the fact that their young son had to look to his father for support and education in later years.



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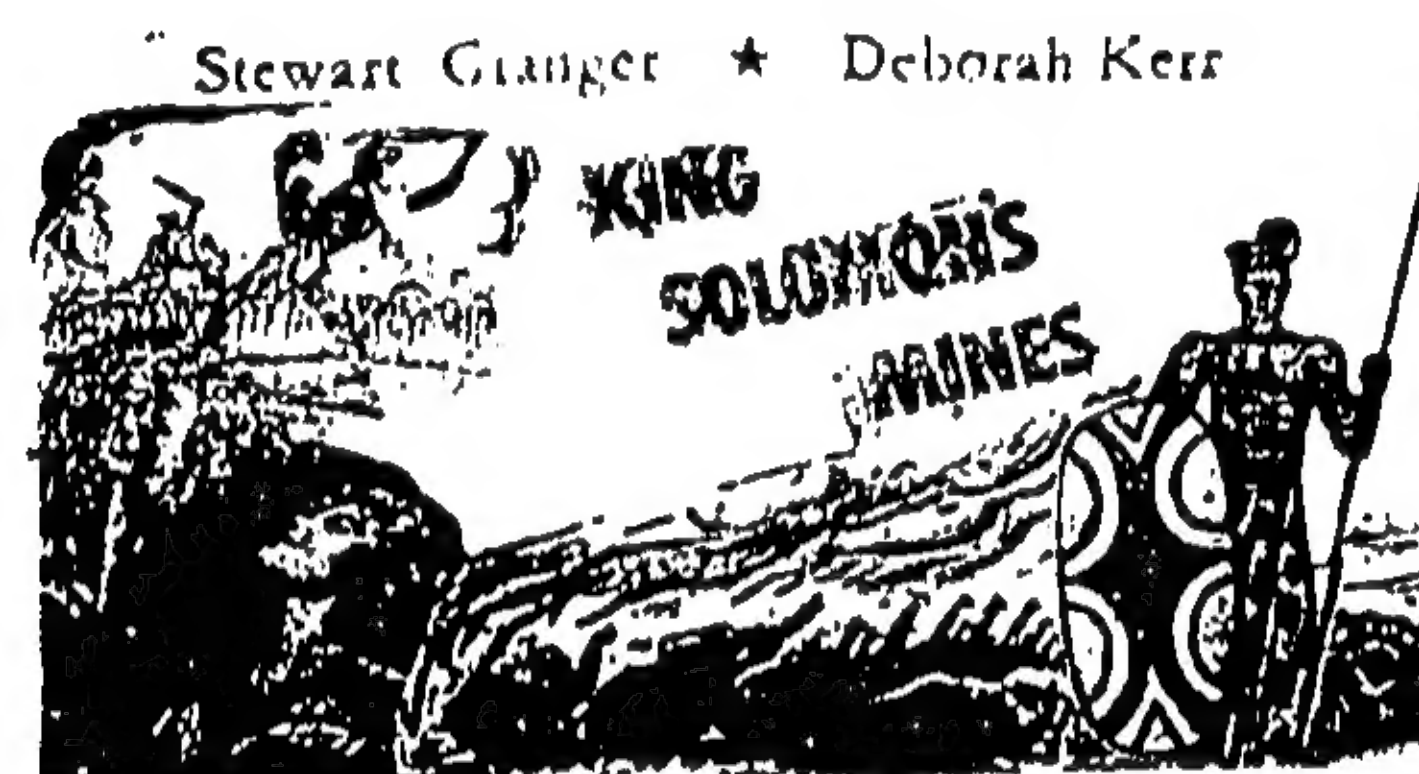
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ULTIMATUM WELCOMED**US Alarmed By Anglo-French Firm Attitude NOT KEPT INFORMED**

Paris, Oct. 30.

The Anglo-French ultimatum to Egypt announced by Sir Anthony Eden in the Commons this afternoon was generally welcomed with favour in France.

In the Parliamentary jobless deputies said they saw in this "at least" a decision by the two Western Powers to take action in defence of their vital interests in the Middle East.

Apart from the Communists there is little criticism of the idea of using military force against Egypt in the National Assembly.

Small Minority

What non-Communist opposition exists is expressed by the leader of the Radical Party, M. Mendes-France, but he himself is a small minority in this matter.

The Radical ministers in the Cabinet including the Minister of Foreign Affairs, M. Auriol, Secretary of State for the Navy, are in full agreement with the Anglo-French policy they represent.

In Italy the dramatic British announcement caused deep concern in government circles.

Although the news was not unexpected, it was clear that Italian ministers had not yet fully studied the likely repercussions on Italy.

A first reaction was alarm at the possibility of Russia deciding to make this into a world war issue.

On the whole, Italian Government circles appeared to deplore the Israeli attack. It seemed that they would welcome the limiting of any Western intervention to a move aimed only at maintaining respect for the frontiers between Israel and the Arab states.

Await US Attitude

But definite government opinion was unlikely to emerge until the attitude of the United States became clear.

The Italian Foreign Office later announced that Italy fully supported the initiative being launched within the framework of the United Nations to secure a peaceful solution in the Middle East or at least to prevent the fighting from spreading.

A Foreign Office statement said that Italy "cannot approve" the Israeli attack, "even if recent events may have given Israel the impression that an offensive was being organised against her."

US officials expressed dismay and annoyance today that Britain and France did not consult the United States about their plan to send troops into the Suez area unless Israel-Egyptian fighting stops.

Some viewed the surprise move as an excuse to get Anglo-French troops back into the Suez Canal area.

Others voiced suspicions that Britain and France had secret advance knowledge of Israel's plan to invade Egyptian territory—and that they even may have tacitly approved.

Knowland Angry

These officials noted that the United States was not informed in advance about Anglo-French plans to send troops into the Suez area unless fighting in Egypt stops by 0430 GMT tomorrow.

Anglo-French failure to notify the United States was disclosed earlier by the State Department. Sen. William F. Knowland, Senate minority leader, said today the threat by Great Britain and France to occupy Egyptian territory is a "shocking proposal which the conscience of the world will not approve."

"International law and order, if it is to be effective, must apply to big powers and not just small ones," he added.

Carry On

Knowland said that despite the Middle East crisis he did not plan to cancel his campaign through California's central valleys on behalf of the Eisenhower-Nixon ticket.

He said he had not been summoned to a conference of congressional leaders but added that he had not talked to Washington today. —China Mail Special and United Press.

DUKE ARRIVES IN MALAYA

Kuala Lumpur, Oct. 30.

The Duke of Edinburgh stepped ashore on Langkawi Island from the Royal Yacht Britannia today.

The first Malays to greet the Duke were the island's penguins (village heads) dressed in their colourful ceremonial dress.

The penguins had waited more than half hour on the island's jetty for the Duke.

The Duke stepped ashore from a launch that brought him from the Britannia anchored about a mile from the island.

In Grey Slacks

Dressed in grey slacks and a blue cotton shirt, the Duke was introduced to the penguins by the district officer of the island.

The Duke walked in brilliant sunshine to the district officer's house at Kuala, capital of Langkawi Island, accompanied by Malaya's Chief Minister, Tengku Abdul Rahman, the British High Commissioner, Sir Donald MacGillivray, and other Malay dignitaries.

The Duke had tea at the District Officer's house with the Tengku and Sir Donald MacGillivray.

The Duke and his party toured Langkawi Island, visiting the hospital, police station and other places of interest.

Dinner Party

The Duke then returned to the yacht where a dinner party would be held tonight.

Late tonight the Britannia is expected to sail for Penang arriving in that important Northern Malayan port tomorrow morning.

A team of police sharpshooters would guard the Duke during his State drive through the streets of Penang, a police spokesman said.

Five hundred policemen from Kuala Lumpur and other Malayan cities have arrived in Penang to reinforce the local police force, he said. —Router.

WHO STOLE THE SLEEPERS?

Wellington, Oct. 30. Listed among the thefts from Government Departments over the past financial year were a 600 gallon water tank, 240 railway sleepers, 23,000 seedlings, 24 tons of manure and £28 worth of fowls. —China Mail Special.



Mrs Helena Diczek, 20, arrived in London last Wednesday from New York to give evidence at the court hearing which is to decide the future of her daughter Tatiana. The child was detained by order of the High Court when she arrived in England on route to the USSR with her father, Mrs Diczek's former husband, Mr Alexis Chwastov. Escorting Mrs Diczek is Dr Wilson, an official of the Church World Service, a New York refugee organisation. —Express Photo.

Eisenhower Appeals For Settlement

Washington, Oct. 30.

President Eisenhower today urgently appealed to the British and French Prime Ministers to allow a peaceful settlement of the current Middle East crisis.

Mr James Hagerty, the President's Press Secretary, told a packed press conference that immediately Mr Eisenhower received first press messages of what he (Mr Hagerty) called the British and French "ultimatums," the President sent personal messages expressing his earnest hope that the United Nations be given full opportunity to settle the crisis "by peaceful means instead of by forceful ones."

Reading a prepared statement, he went on to say that the United States continued to believe it was possible by such peaceful means to reach a solution restoring an armistice between Egypt and Israel as well as to bring about a "just settlement" of the Suez Canal issue.

Mr Hagerty said that the United States had received official notification of the Anglo-French "ultimatums" after initial press reports reached Washington.

He declined to say how much later. —Router.

HUNGARIAN CASUALTIES

Budapest, Oct. 30.

About 2,500 Hungarians were killed and 5,000 wounded in the fighting in Budapest, according to estimates tonight by Hungarian sources.

Hungarian casualties—dead and wounded—totalled 18,000, the same sources said.

Of these 3,000 were armed nationalists.

Budapest was quiet tonight, but some Soviet tanks and troops were still stationed in Parliament square. —China Mail Special.

Kidnapped By Circus In Colombia

Bogota, Oct. 30.

An eight-year-old boy who was abducted three years ago by a travelling circus group from his home village of Falan, some 70 miles northwest from Bogota, has returned to his native country after a long journey first through Colombia and then south through Ecuador and Peru.

Young Gerardo Guzman tells this story. Three years ago the circus visited Falan and one day a tall thin man came and told him that his mother was waiting for him in the circus. But when he arrived with the stranger in the circus tent, Gerardo did not find his mother; instead he was locked up in a small room from where he could not escape.

LEARNED TRICKS
For many months the circus travelled through southern Colombia and Gerardo had to learn all kinds of acrobatic tricks which he performed against his will.

The circus moved on through Ecuador to Peru.

Finally, some four months ago, Gerardo managed to escape in Lima and found refuge in the home of a Peruvian lady who brought him into contact with the Colombian consul who arranged for his return. —China Mail Special.

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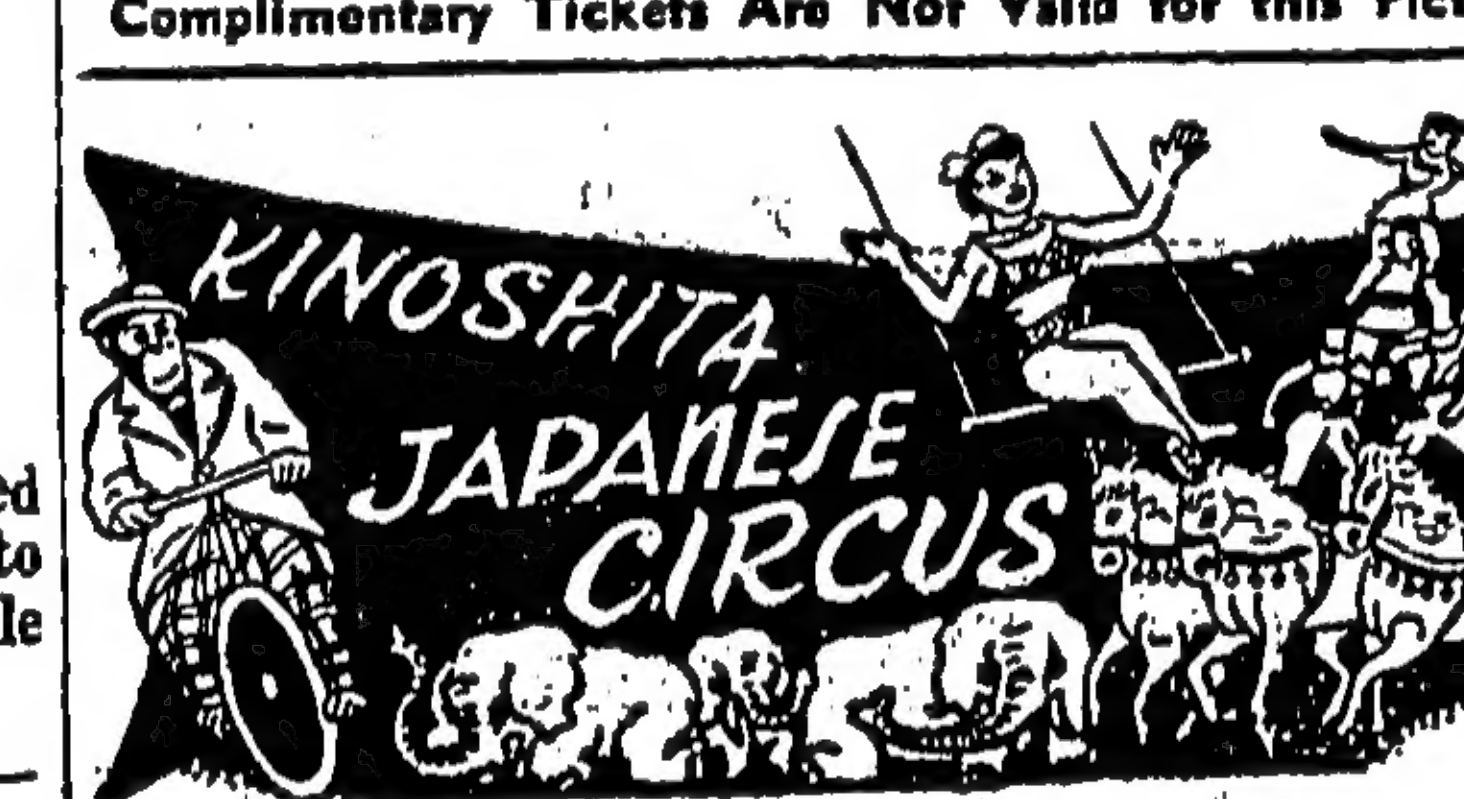
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Britain's UN Representative

Resumes Debate

COUNCIL ASKED NOT TO PRESS US RESOLUTION

New York, Oct. 30.

Sir Pierson Dixon, of Britain, was the first speaker when the Security Council resumed debate on the Middle East crisis. He said the situation which faced the Council in the Middle East was "exceedingly grave."

He then quoted from the statement made in the House of Commons earlier today by Sir Anthony Eden.

Sir Pierson called on the United States not to press its resolution today before the Council.

The United States resolution called on all United Nations members to refrain from the use of force or the threat of force in the Middle East "in any manner inconsistent with the purposes of the United Nations."

After calling attention to the communications by Britain and France to Egypt and Israel, Sir Pierson said: "For the moment there is no action that the Security Council can constructively take which would contribute to the objective of stopping the fighting and safeguarding free passage through the Canal."

Unaware

"In view of these new developments which neither myself nor my colleagues were aware of this morning when we began our meeting, I hope that my United States colleagues will agree that in the circumstances nothing will be gained by pressing on with the consideration of his draft resolution."

Sir Pierson said that the considerations which arose in the mind of the British Government were:

1. The fighting between Israel and Egypt must stop;
2. That unless hostilities could quickly be stopped free passage through the Suez Canal, on which the economic lives of so many nations depended, would be jeopardized.

"Both sides in different ways have shown such repeated disregard for the resolutions of the Security Council, that we felt confident that we should have the general support of the Council and the United Nations as a whole in what we are doing," said Sir Pierson.

"This is to do everything in our power to bring about the earliest cessation of hostilities and to safeguard the free passage of the Canal."

He stressed that the action the British Government had felt duty bound to take was of a temporary character.

"I do not believe that our motives are likely to be generally misconstrued, but they are certain to be misconstrued in some quarters," added Sir Pierson.

Not Objective

He recalled that Mr. Dmitri Shostakov, the Soviet Foreign Minister, had alleged during the recent Suez debate in the Council that Britain and France were determined to settle their differences with Egypt by force.

"That has never been our objective and never will be our objective," declared Sir Pierson.

M. Cornat-Gentile, speaking as the French representative, endorsed Sir Pierson's statement and said "I feel no useful purpose would be served now by examining the United States resolution."

He reserved his right to speak again in the debate.

Mr. Sobolev had also alleged today that certain powers had prompted the Israeli Government to take action against Egypt, Sir Pierson said, and added: "The contrary is of course true."

"We have done everything in our power to lower tension in the Middle East. If tension has increased it is unhappily because neither Israel nor her Arab neighbours have seen fit to listen to our advice."

"Since this advice has not been heeded the present explosive situation has arisen."

"How can we have any confidence that some further injunction by the Security Council would in fact prove effective to deal in time—and time is of the essence—with a situation which is rapidly getting out of control?"

"I need hardly remind the Council that unfortunately those provisions of the Charter which provide that the Council should have a military army have never come into effect," added Sir Pierson.

Roadblocks

"The roadblocks have been placed by a permanent member of the Security Council whose persistent use of the veto has done much to complicate the situation in the Middle East and to bring us to the extremely grave situation which we now face."

"This, of course, is not to say that there is nothing that the Security Council can do in this situation."

A correct judgment on the situation could materially aid the cause of peace, said Sir Pierson.

As soon as news of the developments reached New York yesterday he took immediate steps with the United States and France to make it clear that in his view the Council should be seized with the situation today.

"This morning my government confirmed to me that this was also their view," said Sir Pierson.

"I trust that the great majority of my colleagues will agree that the action which the French Government and Her Majesty's Government have taken is in the interests of security and peace."

"But," he added, "we do not imply that this ultimatum would be justifiable or found to be consistent with the purposes and principles of the United Nations Charter."

Meet Situation

The resolution only proposed a "minimum of sanctions" against Israel, Mr. Lodge declared.

In reply to the suggestion that the Council should first deal with the invasion of Egypt and then, if feasible, could resume discussion of the Suez Canal, Sir Pierson said: "If the resolution is promptly carried out, it will meet the situation created by the Israeli invasion of Egypt," he said.

Mr. Lodge declared that the "minimum of sanctions" was a "minimum of principle" and that it was "a minimum of action" which would be "a minimum of principle" and that it was "a minimum of action" which would be "a minimum of principle."

He claimed there was no dispute about the fact that Israel forces had penetrated into Egypt, and that this was a violation of the armistice agreement.

The call for the withdrawal of Israeli troops was "elemental," he added.

"We submit that it is hardly possible to take exception to the terms of our resolution in view of the situation which the storm march of events constrains us to consider," Mr. Lodge declared.

"We sincerely hope the Council in its urgent consideration of the matter will take what is an obvious and elementary and in essence, an unavoidable step for us, the adoption today of the draft resolution."

No Less

"As members of the Council have stated our responsibility compels us to do no less than this."

"I therefore move the adoption of the resolution and trust that the adoption can take place without delay," he said.

—Reuter.

ADVANCES IN WEAPON DESIGN



SIR WILLIAM PENNEY IN AUSTRALIA

London, Oct. 30.

Britain has made "substantial advances in weapon design" from her latest series of nuclear tests at Maralinga, Australia, Sir William Penney said today on his return to London.

The organizers of the British tests added that the tests had solved many problems of nuclear explosion effects on military equipment, indoctrinated many service officers into atomic warfare and taught them a lot of things important in civil defence.

Sir William Penney, speaking at London Airport, said that he was "very satisfied with the tests which had been quite successful."

—China Mail Special.

REFUGEE APPEAL

United Nations, Oct. 30.

The Director of the New York office of Palestine Arab refugees said tonight the Middle East was counting on President Eisenhower to oppose aggressors and to "merchandise" self-interest in the case of justice and peace.

The Director, in a communique issued from his association headquarters, complained that the Israeli attack against Egypt had been unleashed while the Arab world was in conflict with Britain and France, and "while the United States was in the throes of the presidential election campaign."

But he said the Middle East considered President Eisenhower as a man of principle devoted to justice and peace, and that the United States was the only power which could actually stop the aggression.

Tunisian Envoy



Mr. Taleb Slim, the first Tunisian Ambassador to the Court of St. James, entering the traditional horse-drawn carriage at the Kensington Palace Hotel in London as he left to present his letters of credence to the Queen at Buckingham Palace.—Reuterphoto.

PRIME MINISTER'S STATEMENT

London, Oct. 30.

In his statement on the Middle East crisis today, the Prime Minister, Sir Anthony Eden said: "With your permission, Mr. Speaker, and that of the House I will make a statement."

As the House will know, for some time past the tension on the frontiers of Israel has been increasing. The growing military strength of Egypt has given rise to renewed apprehension, which the statements and actions of the Egyptian Government have further aggravated.

The establishment of a joint military command between Egypt, Jordan and Syria, the renewed raids by guerrillas, culminating in the incursion of Egyptian commandos on Sunday night, had all produced a very dangerous situation.

The establishment of a joint military command between Egypt, Jordan and Syria, the renewed raids by guerrillas, culminating in the incursion of Egyptian commandos on Sunday night, had all produced a very dangerous situation.

Urged Restraint

Five days ago news was received that the Israeli Government were taking certain measures of mobilization. Her Majesty's Government at once instructed Her Majesty's Ambassador at Tel-Aviv to make enquiries of the Israeli Minister for Foreign Affairs and to urge restraint.

Meanwhile, President Eisenhower called for an immediate tripartite discussion between representatives of the United Kingdom, France and the United States. A meeting was held on October 28, in Washington, and a second meeting took place on October 29.

While these discussions were proceeding, news was received last night that Israeli forces had crossed the frontier and had penetrated deep into Egyptian territory.

Later, further reports were received indicating that paratroops had been dropped. It appeared that the Israeli spearhead was not far from the banks of the Suez Canal. From recent reports it also appeared that air forces are in action in the neighbourhood of the Canal.

During the last few weeks Her Majesty's Government have thought it their duty, having regard to their obligations under the Anglo-Jordan Treaty, to give assurances both public and private of their intention to honour these obligations.

Her Majesty's Ambassador in Tel-Aviv yesterday received an assurance that Israel would not attack Jordan.

Very Grave

My Right Hon. and learned friend the Foreign Secretary discussed the situation with the United States Ambassador early this morning. The French Prime Minister and Foreign Minister have come over to London, and short notice at the invitation of Her Majesty's Government to deliberate with us on these events.

I must tell the House that very grave issues are at stake, and unless hostilities can quickly be stopped, free passage through the Canal will be jeopardized. Any fighting on the Canal will be a disaster, and the Canal will be closed.

The number of crews and passengers involved totals many hundreds, and the value of the ships which are likely to be on passage today is about £50 million, excluding the value of the cargoes.

Egyptians Asked

Her Majesty's Government and the French Government have accordingly agreed that everything possible should be done to bring hostilities to an end as soon as possible. Their representatives in New York have therefore been instructed to join the United States representatives in seeking an immediate meeting of the Security Council. This began at 4 p.m.

In the meantime, as a result of the consultations held in London this morning, the United Kingdom and French Governments have addressed urgent communications to the governments of Egypt and Israel. In these we have called upon both sides to stop all warlike action by land, sea and air forthwith and to withdraw their military forces to a distance of 10 miles from the Canal.

Further in order to separate the belligerents and to guarantee freedom of transit through the Canal by the ships of all nations, we have asked the Egyptian Government to agree that Anglo-French forces should move temporarily into key positions at Port Said, Ismailia and Suez.

Keep Informed

I repeat temporarily. The governments of Egypt and Israel have been asked to answer this communication within 12 hours. It has been made clear to them that, if at the expiration of that time one or both have not undertaken to comply with these requirements, British and French forces will intervene in whatever strength may be necessary to secure compliance.

I will continue to keep the House informed of the situation as it develops. — China Mail Special.

SINGAPORE RIOTS

Tribute Paid By House Of Lords To Minister

London, Oct. 30.

Lord Lloyd, Under-Secretary for Colonial Affairs and Lord Ogmore for the Labour opposition paid tribute in the House of Lords today to the Chief Minister of Singapore, Mr. Lim Yew Hock for the "patience and courage" during the Singapore riots.

Lord Ogmore had asked for a statement on the riots. Lord Ogmore told him on September 24 the Singapore Government dissolved the Chinese Middle School Students Union and ordered the expulsion of some 143 students and two teachers from two Chinese schools.

"A White Paper published by the Singapore Government shows how the union has become a Communist front organisation engaged in subversive political activities and demonstrates the extent to which its activities were disrupting the whole Chinese educational system in Singapore."

Evacuation Of Nationals Ordered

Alexandria, Oct. 30.

A mass American evacuation from Egypt began this morning when nearly 350 residents and their wives began boarding the American Export Lines ship Exochorda.

The 9,644-ton Exochorda is headed for Naples. It was held up here to enable the Americans to get aboard after the Egyptian authorities closed Cairo airport last night following the Israeli attack.

The Exochorda is due to sail before sundown. Its passengers include 230 employees, and their dependents, of the American Sahara Petroleum Company—the largest single US concern operating in Egypt.

Evacuation of West Germans in Egypt, Jordan and Syria has started on orders from the Government, Bonn sources said tonight.

Women, children and tourists will be taken out first and brought back to West Germany by air.

The French Embassy in Damascus advised all French citizens in Syria to leave the country if their presence was not absolutely necessary. — China Mail Special.

Whether charges would be made by the French Embassy in Damascus advised all French citizens in Syria to leave the country if their presence was not absolutely necessary. — China Mail Special.

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US May Halt Aid To Israel

Aid To Israel

Washington, Oct. 30.

The United States may halt economic aid to Israel, Administration officials said today.

Such action, if taken would be part of American efforts to stop the Middle Eastern fighting before it erupts into full-scale war.

It is expected that Big Three strategy will be directed primarily through the United Nations at this stage.

US officials described the crisis as "very, very serious."

COUNTRY POISED

American officials favour what they call "stern measures" to stop the fighting at once. This country is poised, if Israel refuses to stop hostilities, and the United Nations calls for member state action, to take any of a number of steps:

1. Impose economic sanctions against Israel.
2. Sever diplomatic relations in concert with other nations.
3. Impose a naval blockade against the Jewish state.
4. Employ military force (though officials hope it won't come to that) to restore peace.

Indicating US readiness to move quickly if necessary, the Navy said the American Sixth Fleet is in the eastern Mediterranean ready for any eventuality.—United Press.

A British Crossword Puzzle



ACROSS

- 3 Parched (4).
- 7 Car accessory (5).
- 8 Eager (4).
- 9 Stalk (4).
- 10 Repeat (7).
- 12 Wine (4).
- 13 Avoid (5).
- 14 Instruct (4).
- 15 Supporter (5).
- 21 Angry (3).
- 22 Replies (4).
- 23 At his time (5).
- 26 Promote (4).
- 28 Expunged (7).
- 30 Couple (4).
- 31 Motive (4).
- 32 Bedeck (5).
- 33 Do it or pay it (4).

DOWN

- 1 Holiness (5).
- 2 Withdraw (7).
- 4 Scolded (5).
- 5 Mole (4).
- 6 Obstinate (4).
- 9 Boas (4).
- 11 Foreign (5).
- 13 Grain (4).
- 14 Mountain lake (4).
- 15 Supporter of the arts (5).
- 17 Girl (4).
- 18 Uncommon (4).
- 20 Extends (7).
- 22 Ambert (4).
- 24 Decree (5).
- 25 Ripe (3).
- 27 Press (4).
- 28 Hastened (4).

YESTERDAY'S CROSSWORD: Across: 1. Paused, 7. Idea, 9. Verve, 10. Fuel, 11. Lash, 12. Malicious, 13. Myra, 14. Drive, 15. Promontory, 16. Lure, 17. Dancer, 18. Twine, 19. Song, 20. Raster, 21. Storm, 22. Acre, 23. Shell, 24. Dancer, 25. Delicacy, 26. Mask, 27. Chief, 28. Ruler, 29. Model, 30. Paragon, 31. Ape, 32. Broom, 33. Notes, 34. Opium, 35. Boat.

Men who guide the destinies of the world wear Rolex watches

YOU KNOW their names as you know your own. You know their faces from a thousand newspaper photographs, their life stories from a hundred magazine articles. You have seen them and heard their voices on newscasters and on your television screen. Their actions and decisions influence the pattern of our lives.

We cannot mention their names, or show pictures of them. It would not be fitting to do so; for they include royalty, the heads of states, great service commanders. But we invite you to look carefully at the next pictures that you see of them, at their wrists as well as their faces and clothes. You will notice that in almost every case they wear a wrist-watch. That watch will most likely have been made by Rolex of Geneva.

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Continuing THE KEIR HARDIE STORY

TURNING POINT—NOW IT'S HARDIE, M.P.

By EMRYS HUGHES

IN 1888 the Liberal MP for Mid-Lanark resigned. Hardie had lived and worked in the constituency, and it was not surprising that he was urged to stand by the miners.

The working class Labour MPs of those days were returned to Westminster through the support of the Liberal Party—"Lib-Labs" they were known as. Hardie was on the Liberal Association's list of candidates.

Mid-Lanark was a seat that should have been fought by a Lib-Lab man. But, without consulting the electors, the local Executive chose a young Welsh lawyer, Mr J. W. Phillips, later to become a distinguished financier, Lord St Davids.

Fight Was On

HARDIE immediately removed his name from the Liberal list, met his supporters and decided to fight both Tories and Liberals as a Labour candidate. The Liberals, anxious to avoid a split in the vote, did their best to get him to withdraw.

Mr George Trevelyan, a leading Liberal MP, asked Hardie to meet him. He was very polite

and explained how unfortunate it was that Liberals and Labour should fight each other.

If Hardie would only stand down in Mid-Lanark he would give him an assurance that at the General Election he would be adopted as a member, the Liberal Party paying his expenses and guaranteeing him a yearly salary—£200 was the sum hinted at.

It was a tempting offer to a young man like Hardie, living from hand to mouth on a meagre salary. To his surprise, Trevelyan received an abrupt and emphatic "NO." The fight was going on.

A novelist, Miss Florence Harkness, paid the election expenses of £270.

Beginning Of End

HARDIE received 617 votes to the Liberal's 3,847. He had been overwhelmingly defeated, but it had been a significant and historic election. It was the first time that Labour had stood, independent, defiant, as a separate political party, with its own programme and policy.

It was the beginning of the end for the Liberal Party. Keir Hardie had lost the by-election but had created a new Party. And soon afterwards, those who shared Hardie's views came together to form a Scottish Labour Party.

Three months later, on August 26, a conference was held at the Waterloo Rooms, Glasgow, and the Scottish Labour Party was born. Keir Hardie was appointed secretary.

From now on it was to be war on the Liberals. "The weapon has been forged," wrote Hardie. "A General Election will come, and it is for us to see that no Liberal gets returned who is not with us. Better a thousand times an open foe than a secret enemy. The wolf in sheep's clothing is always most to be feared."

The Mid-Lanark election, the activities of the Scottish Labour Party, the conflicts at the TUC with the old school, had now made the name of Keir Hardie known south of the Border.

In South West Ham, near London, there was a group of working men radicals who had captured the local Liberal Association. They wrote to Hardie asking him if they should nominate him as their candidate and he accepted.

This was a problem for the Liberal Headquarters and Schnadhorst, their National Agent, was by no means pleased that the stubborn Scotsman who had caused all the trouble in Mid-Lanark had now arrived in London.

Discreet Line

STILL, he argued to himself, these fellows at SW Ham were an awkward lot and it was not an easy matter to persuade Hardie to withdraw from a fight. The discreet line for the Liberals would be to leave Hardie to be defeated at SW Ham and not to interfere in case the trouble spread to other London constituencies.

Schnadhorst invited Hardie to meet him at his office and met with a refusal. Later they met on neutral ground in the presence of a third party, Schnadhorst, wishing to placate Hardie, asked what he could do to aid him in SW Ham. "Nothing," was the reply, "except to keep out of the way."

Hardie was convinced that the seat could be won, and addressed a series of open air meetings at the dock gates, many of them at 5.30 in the morning when the dockers went to their work.

Cunningham-Graham, Liberal MP for NW Lanarkshire and firm friend of Hardie, went to help him, and wrote a vivid description of the district of Canning Town: "A very microcosm of the nineteenth century world. Street upon street of half-erected brick abominations, falsely called houses; here and there a 'Little Bethel' chapel, in its hideousness making sweet religion a rhapsody of bricks and stucco. An air of desolation over the whole place that only met civilised eyes. On one side, lines of endless docks and on the other lines of endless misery."

A New Party

OF Hardie he wrote: "It is difficult to make out exactly whether it is the Socialist programme or the clear grit of the man that has impressed them. I incline to think the latter, as programmes are many, men are few. Less eloquent than Burns, less dogmatic than Mann, less of a preacher than Tillet, Keir Hardie has, nevertheless, some qualities which none of them possesses. He alone of Labour leaders known to me, at any rate, has something poetic about his personality and his speeches."

The topics that Hardie talked about were not those which the electors usually heard about at election times. There was nothing of the political cheap-talk about him. He appealed to their manhood and their self-respect; he wanted to make unemployment, low wages and bad housing the real issue of politics. He wanted a new party, a party that would fight in Parliament for the working class—a Labour Party!

The result was a victory with a majority of 1,232 over the Tory. At 36, Keir Hardie had won his way into Parliament, the first independent Labour MP.

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TOMORROW
Member For The Unemployed



"Well," I said, "I'm fed up and want to go home," and this sailor said, "England expects every man to do his duty, chum," and I said, "Nelson wasn't always so hot at doing what he was told, chum," then he flipped me one, then I flipped him one . . ."

He no longer shouts and no longer struts on Formosa
—but the "Gimo" is not yet to be written off



THERE MAY STILL BE HOPE FOR CHIANG

By Les Armour

On the other hand, the Formosa government is a delicate and artificial thing, a hot-house plant, and the old man with his curious combination of Methodist principles and Confucian outlook is not really strong enough to turn it into

then and for long after that a moral revolution, a return to sacred principles, would rescue their country from its decline. The Manchus did fall and Dr Sun's Kuomintang took over. The young Chiang proved himself an able military leader in the uprising. He was made Chief of Staff.

Within a short time, however, both he and Dr Sun began to realize the enormity of their undertaking. What they wanted was a moral revolution. Their conviction that the replacement of a morally lax government by a morally alert government would win it proved very quickly to have been based on a faulty premise.

In fact, in deposing the Manchus they left a political vacuum, and politicians of every hue and ilk rushed in to fill it. Local "warlord"—ex-officers of the various armies—in particular had a field day, and large areas of the country became, in fact, feudal holdings run by men who were unashamed "robber barons."

Yuan Shih-kai, who controlled much of North China and showed some promise of being able to restore order. Chiang and many of the revolutionary leaders installed themselves in Canton.

Yuan, however, proved little more effective than Dr Sun and, in 1916, went down to defeat in an abortive attempt to have himself proclaimed Emperor. From there the battle was on in earnest. Dr Sun and Chiang went to Canton and concentrated on consolidating South China.

In 1921, Dr Sun tried again to form a provisional government in Canton, but warring factions drove him out, and he and Chiang were forced to seek refuge in Shanghai, where some semblance of order still remained.

Two years later, they went back—with a little more success. Chiang was sent to Russia to act as liaison with Russian leaders who were prepared to back Sun in his attempt to restore order.

It was during that visit that Chiang developed his almost fanatical hatred of Communism. He saw in Russia the antithesis of the Chinese revolution—order, efficiency, and above all, utter ruthlessness. The visit seems to have convinced him that his original belief was right—that what was needed was a moral revolution.

At that time, the Kuomintang still only controlled the south. The whole of the north—including Peking—was still mainly in warlord hands but partly in Communist hands. Chiang, upon the best of terms, trained an army which, between 1926 and 1928, marched

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HONGKONG SERVICES NEED 221 TO WIN AND HAVE 4½ HOURS TO GET THEM

By "RECORDER"

The Combined Hongkong Services need 221 runs to beat the Combined Singapore Services this afternoon and have approximately 4½ hours to get these in.

The Singapore Services went for the runs this morning against a good bowling side refreshed with a night's rest. They raced from 100 on the board to 150 in 27 minutes, but it took only 38 minutes for the last seven wickets to fall.

Wendley was the most successful of the quick run chasers with 54 before he was held at short square by Withall off Greenhalgh. King was held at 13 and the remaining wickets tumbled in rapid succession.

With a few minutes left to the lunch break Withall and Henderson began a fight for the Hongkong Services and were top scorers with 150 on the board at the close of the first innings.

A good batting side requires 221 runs to be scored in about 2½ hours against a bowling side which will allow few opportunities for wicket-taking to slip out. There should be some very hot racing.

THE SCOREBOARD

The scoreboard at lunchtime

Singapore Services	
1st Innings	122
2nd Innings	60
Wendley	54
King	13
Greenhalgh	54
Withall	13
Henderson	13
Goodwin	8
Williams	8
Wendley	8
King	8
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CHINA MAIL

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THOSE MAGAZINES you wish to
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NOTICE
SOCIETY OF
LANCASTRIANS IN
HONG KONG

The Annual General
Meeting will be held at the
Deepwater Bay Golf Club
house on Thursday, November
22, 1956.

Meeting at 7 p.m. followed
by supper and social.
Transport will be provided
on application to the under-
signed.

H. SINGLETON
(Hon. Secretary)
(Tel. 28161 or 34413)

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advertising should be
booked not later than
noon on Wednesdays.

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MORNING POST and the
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before date of publication.
Special Announcements
and Classified Advertis-
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THAT BANISHES
FEAR AND NERVOUS TENSION!
Safe, non-habit forming,
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capsules.
See Agents
SHEUNG SHUI STATION

BOOMING SCOTCH WHISKY SALES

Industry Restoring Old Distilleries And Constructing New Plant

By DON CAMPBELL

Kilmarnock, Oct. 30.

With Scotch whisky sales booming and buyers from world markets competing for every bottle, the industry is investing large sums in the restoration of distilleries and the construction of new plant.

One proof of confidence in the future is the new £1,250,000 blending, "merrying" and bottling plant of John Walker and Sons limited, just opened here.

In this thriving Scottish town, already noted for its coal, lace and carpets, 130 years ago when George IV was on the throne of Britain and Sir Walter Scott was writing the Waverley novels, John Walker, an Ayrshire farmer's son, set himself up in a small grocery, wine and spirit business.

Disaster nearly overtook him in 1852 when a cloudburst hit Kilmarnock and washed away his business. He began again, overcame formidable difficulties, and laid the foundations of the expanding and prosperous house of Walker.

40 WHISKIES

Today, a 13-foot high, neon-lit figure, inspired by a silhouette of the founder, stands on the premises overlooking the railway line which carries matured whiskies from distilleries scattered throughout Scotland. Here, 40 different whiskies contribute to the final product. A key figure in the process is the blender, in this case a director of the firm, who smells or "noses" but never tastes, the various whiskies which make up the finished article.

Although Scotch is a product whose making cannot be hurried, the law sets a minimum period of three years between production and consumption and it is usual to allow seven to 12 years for maturing first-grade whiskies—once blending has been done, bottling, casking and despatch are handled with all possible speed.

The lay-out of the new plant, covering seven acres, started in 1939 and requisitioned as a food depot during the war. It embodies many special machines to increase efficiency and constitutes the most modern plant of its type in Britain today. It can deal with as many as 1,200 dozen bottles an hour, or four every second.

Blending is done in wooden vats, each of the three largest of which holds more than 10,000 gallons.

CONVEYOR BELT

One of the most fascinating sights in the process of creating whisky as we know it, is the discharging of casks, when single whiskies gush down stainless steel troughs into the vats.

In other casks, the blended whiskies are allowed time to "merry" before being run into the glass-lined bottling vats which feed the bottling lines.

The most up-to-date washing machines, deliver sterilized bottles direct by conveyor belt to lines where they are filled, corked, examined, capped, labelled, wrapped and packed.

A notable feature of the bottling hall which increases production by more than 50 per cent compared with the old premises, is a barrel vault roof covering a floor area of 108 by 176 feet with not one single pillar to support it.

The Scotch whisky industry is only now really getting into its stride again since World War II, when distilling was first restricted and later forbidden. Only the most careful husbanding of stocks enabled supplies to be maintained on a reduced scale, mainly to the dollar market. The amount of whisky laid down since the war has increased rapidly. Production last year was about 8,000,000 proof gallons greater than in 1939.

With several years required for the maturing of first-grade whiskies, present consumption is governed by the production of earlier years, but the country's stock of maturing whisky on March 31 this year was a record—180,700,000 proof gallons compared with 144,800,000 proof gallons in 1939 and 84,800,000 proof gallons in 1945. Addition to stocks after the war did not overtake withdrawals until 1949.

CELEBRATED EXPORT
Besides being Scotland's most celebrated export, Scotch is one of Britain's greatest dollar earners.

In 1955 Scotch worth £43,800,000 was shipped overseas, equal to more than one per cent of the total British ex-

ports of all kinds. The significance of these figures is seen more impressively in the fact that since World War II the proportion of whisky exports to the United States, in the total of exports to North America, has never fallen below 20 per cent. Their value has risen, however, from £5,270,000 in 1946 to £23,411,486 in 1955.

OHIO STATE STAMP

Here, at Kilmarnock, an official said that 21 per cent of production was for the home market; 50 per cent for the United States and Canada; and 29 per cent for other overseas territories. On the day the premises were opened in September, visitors saw one assembly line of bottles of whisky for America, piling up dollars at the rate of about 240 dozen bottles an hour.

Each bottle, in addition to the usual labels, had an Ohio State stamp over the capsule. Scotch represents six or seven per cent of all the whisky drunk in the United States today.—China Mail Special.

LOTTERIES PROFIT

Wellington, Oct. 30.
Gross sales of tickets in Government lotteries in New Zealand last year realised £608,620 of which £242,405 was net profit.
Almost all this sum was distributed among public organisations.—China Mail Special.

Hungarian Army Chief Sacked

Vienna, Oct. 30.

Major-General Lajos Toth, Hungary's First Deputy Minister of Defence, has been sacked by the newly formed "Revolutionary Military Council of the Army," Budapest Radio announced tonight.

General Toth was appointed by the Presidential Council only three weeks ago, on October 6.

The radio said three other army officials had been dismissed. No detailed reasons were given.

The Revolutionary Military Council had allied itself with the young workers and students and stood by the people, the radio added.

The Hungarian Prosecutor-General, Gyorgyi Non, was forced to resign today at a meeting of the Revolutionary Council set up by officials and lawyers of the High Court, the Hungarian news agency reports.—Reuter.



REPLACING CONSULS

Athens, Oct. 30.

The Greek Government has decided to replace all foreign Greek Consuls and Vice-Consuls with Greek nationals.

Instructions are reported to have been sent to Ambassadors to choose Greek nationals settled in their country who can undertake the duties of Consuls and Vice-Consuls.

The first to be replaced will be British citizens, said the report.—China Mail Special.

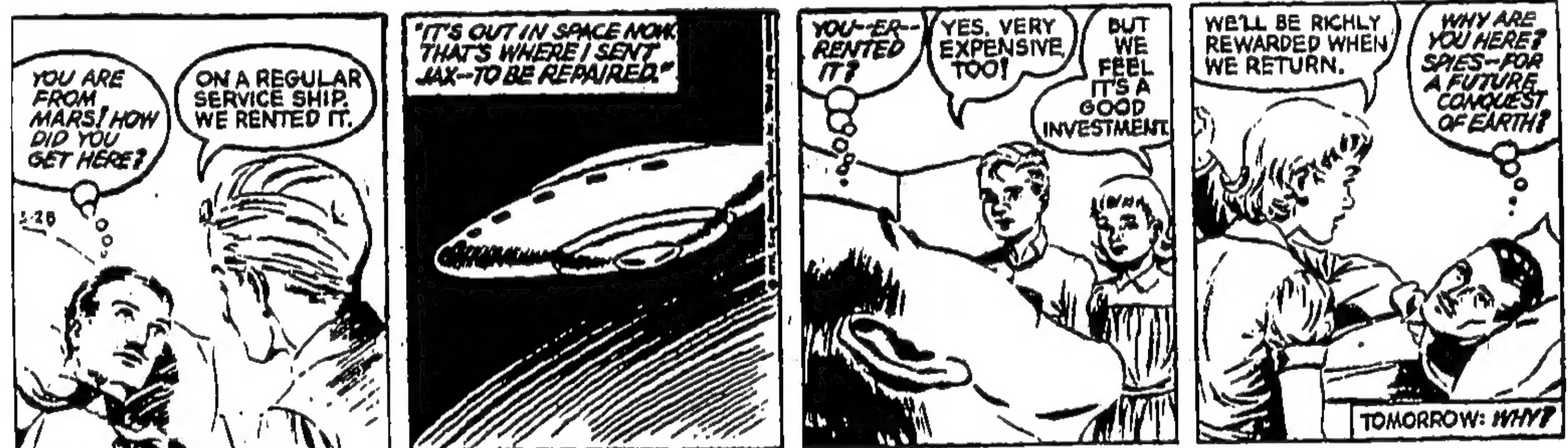
Lieutenant Mohandis of the 4th Battalion Malay Regiment displays the Military Cross awarded him last week at a Buckingham Palace investiture, the decoration having been given him for his work fighting Malayan terrorists. With him is Lieutenant Mahmood of the same regiment.—Express Photo.

Rome, Oct. 30.

Archbishop Ruffino Sannes of Manila left here today by plane for a visit to Tokyo before returning to the Philippines. He spent a fortnight in Rome.—Reuter.

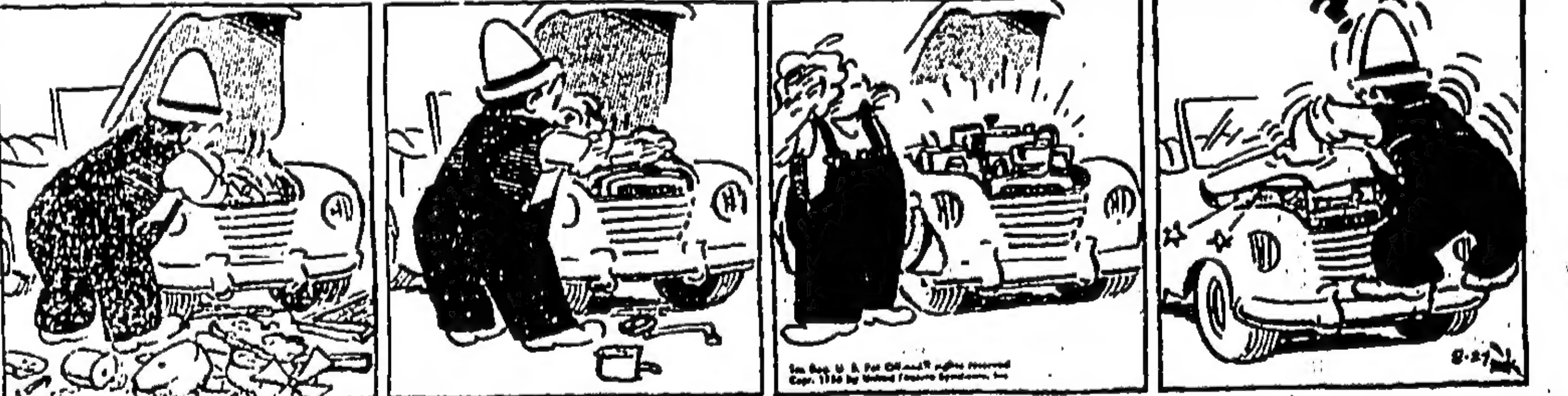
By Lee Falk and Phil Davis

MANDRAKE THE MAGICIAN



By Mik

FERD'NAND



By Ernie Bushmiller

NANCY



By Frank Robbins

JOHNNY HAZARD



WHEELOCKS .NET \$7,800,000: BONUS DECLARED

The net profit earned by Messrs Wheelock Marden and Company, Limited, during the year ended March 31, 1956, was \$7,800,481. This was announced at the company's annual general meeting of shareholders this morning.

The meeting approved the Directors' recommendations to pay a dividend of 50 cents and a bonus of 25 cents a share on four million shares and to transfer \$5 1/2 million to General Reserve.

The Chairman of the Board, Mr. G. E. Marden, presided over the meeting. In his statement to shareholders he referred to world freight markets, which he said, continued to improve and that shipping values were high with every appearance of continued strength. The difficulties, over Suez, he pointed out, contributed to this appearance.

The Chairman's statement read: Last year, in expressing to you your Board's hope that this Annual Meeting could be held earlier in the year, I referred to the complexity of our shipping operations and as long ago as 1952 I informed you of the Board's wish to present consolidated accounts as such as circumstances made such a course possible. This year we have made progress in both directions and we are now presenting accounts which incorporate the results of the shipping interests of the parent company of the Group whether direct or through wholly owned subsidiaries.

In the shipping field there remains to be included in the consolidation only the affairs of Eastern Asia Navigation Company Ltd., the Profit & Loss Account and Balance Sheet of which is circulated herewith. Dividends received from it last year as well as our earnings as its General Managers and Secretaries and the amount in current account between us have been incorporated in our Accounts, whilst our interest as shareholders of some 51% of its issued capital is included at cost under investments in subsidiaries. The consolidation of its assets would have introduced

the complex item of minority interests with an effect upon the clarity of the Accounts which your Board was anxious to avoid for this year at least. Its introduction will be inevitable in succeeding years when we are able to bring in subsidiaries here and abroad covering our main direct activities in the fields of Insurance, Finance, Merchandising, Shipbuilding and Aviation.

I also referred last year to your Board's hope that there would no longer appear on our Balance Sheet notes or reservations in respect of amounts due in respect of ships from our Japanese connections. This hope has now fortunately been realized and it is only in order that shareholders may easily compare the position with that presented last year that the item is shown as a separate asset.

Subsidiaries

The freight markets of the world have continued to improve, shipping values are high with every appearance of continued strength, and the difficulties over Suez have contributed to this appearance. Since our last meeting we have continued operations in the manner I then outlined and some of the progress is reflected in the increased figures of advances shown in the Accounts.

Since the close of the year further satisfactory business of the same nature has been developed and this has necessitated the increase in capital which has been announced to you. It would have been quite unreasonable to expect that our Bankers, who have been most helpful and co-operative, should, under the circumstances affecting the capital markets of the whole world, continue to increase their advances to us as every substantial piece of new business materialized and your board is satisfied that the additional resources which the new issues affords to us can be profitably utilized in our business.

The size of our capital requirements can be estimated from the present day value of a wartime British-built oil-burning vessel of around 10,000 tons displacement which exceeds £250,000 and it is this type of vessel and motorships of somewhat higher value which are currently in demand. Whilst it is true that the credit squeeze in the UK continues adversely to affect local money rates and makes borrowing difficult, it would have been prudent, whatever the conditions, to have sought more capital for the increasing tempo of our financing business.

The progress of industry and trading in Hongkong has received a rude shock from the recent outbreak of rioting in Kowloon. Although it is generally admitted that there was no political inspiration behind the disturbances, they unquestionably assumed a political complexion and involved large numbers of local factory employees. It is suggested that this could have been avoided by any action on behalf of management but the situation adds to their problems.

Hongkong's critics abroad have been neither less vociferous nor less determined to force but Government agencies through their United Kingdom representative in particular, as well as our Chamber of Commerce, have all played a prompt and active part in refuting the more outrageous misapprehensions.

I shall deal with our main subsidiaries under the heading of their respective businesses.

INSURANCE: Dominion has had another successful year and maintained its position as the largest insurance company in the United Kingdom. The Chairman of the Board, Mr. P. S. Cassidy, Mr. A. S. Adamson and Sir Alwyn Ogden. The negotiations referred to last year in respect of this Company have taken a new direction which is being considered by your Board in all its aspects. B. D. Cooke & Partners Ltd. and its subsidiaries and associates engaged in underwriting activities under Mr. B. D. Cooke, have continued their programme of expansion and we have provided it with further capital since the end of our year. The insurance brokerage business of Edridge & Co. Ltd. has operated satisfactorily.

SHIPBUILDING: Eastern Asia Navigation Co., Ltd. whose accounts are circulated with our own has increased its dividend from eight to ten cents.

SHIPBUILDING: White Shipyard (Southampton) Ltd. has had another successful year and its participation in the Defence programme is drawing to a logical conclusion, (to be continued on Page 9 Oct. 31)

...this situation
calls for a
San Miguel

Business was done in the unofficial exchange market this morning at the following rates: U.S. dollar (per 100) 100.00
Sinking notes (per 100) 100.00
Australian notes (per 100) 100.00
Indonesian rupiah (per 100) 100.00
H.K. dollar (per 100) 100.00
Singapore (strait) 100.00

